

## Message Text

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ORIGIN EB-08

INFO OCT-01 AF-10 ARA-14 EA-12 EUR-12 NEA-11 ISO-00  
MMO-04 SIG-03 AGRE-00 CEA-01 CIAE-00 COME-00  
DODE-00 FRB-01 H-02 INR-10 INT-05 L-03 LAB-04  
NSAE-00 PA-02 CTME-00 AID-05 SS-15 STR-07 ITC-01  
TRSE-00 SP-02 SOE-02 OMB-01 DOE-15 NSCE-00 SSO-00  
ICAE-00 INRE-00 /151 R

DRAFTED BY EB/STA - C BLUM  
APPROVED BY EB/ITP - S AHMAD  
ST R HEIMLICH

-----093992 232354Z /20

O 232255Z MAY 78  
FM SECSTATE WASHDC  
TO ALSTEEL COLLECTIVE IMMEDIATE

UNCLAS STATE 131509

USEEC ALSO FOR EMBASSY; USOECD ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ETRD, US

SUBJECT: US STEEL INDUSTRY CALLS FOR CHANGES IN TRIGGER  
PRICES AND FOR GATT AGREEMENT ON STEEL

1. USOECD PLEASE PASS DEPUTY ASSISTANT SECRETARY WILLIAM  
BARRACLUGH.

2. SPEAKING TO THE PRESS MAY 23 FOR THE AMERICAN IRON  
AND STEEL INDUSTRY AT ITS GENERAL MEETING IN NEW YORK,  
NATIONAL STEEL CHAIRMAN GEORGE STINSON SAID THE  
INDUSTRY WOULD PRESS FOR THE PROMPT REVISION OF THE  
TRIGGER PRICE MECHANISM TO ELIMINATE "SERIOUS FLAWS"  
AND FOR THE REJECTION BY CONGRESS OF ANY MTN AGREEMENT  
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THAT DOES NOT INCLUDE A "MEANINGFUL STEEL AGREEMENT."  
STINSON CALLED TPM "CLEARLY A STEP IN THE RIGHT  
DIRECTION" BUT HAMPERED BY "SERIOUS DRAWBACKS":

-- TPM IS BASED ON THE TREASURY'S INTERPRETATION  
- OF THE COSTS OF THE LOWEST COST SUPPLIER,  
- I.E. JAPAN. THIS "ENABLES DUMPING TO

. CONTINUE FROM LESS EFFICIENT SUPPLYING  
- COUNTRIES."

-- TREASURY'S METHOD OF CALCULATING JAPANESE COSTS IS "CLEARLY IN ERROR." FOR EXAMPLE, TREASURY USED A 20-YEAR AVERAGE CAPACITY UTILIZATION RATE FOR THE JAPANESE INDUSTRY OF 85 PERCENT. AISI CALCULATES THE 20-YEAR AVERAGE TO BE 79 PERCENT, THE 1973-77 AVERAGE TO BE 75 PERCENT AND THE CURRENT RATE TO BE 70 PERCENT. IF THE FIVE-YEAR AVERAGE WERE USED, THERE WOULD BE A SUBSTANTIAL INCREASE IN THE TRIGGER PRICES.

-- TREASURY FAILED TO TAKE ACCOUNT OF THE MUCH RICHER PRODUCT MIX IN THE US. JAPANESE COSTS ARE HELD DOWN BY THE LARGER PROPORTION OF SEMI-FINISHED PRODUCTS IN JAPAN'S OUTPUT.

3. THE US INDUSTRY SEES THE TPM AS AN "INTERIM MEASURE," STINSON SAID, AND A LONGER-TERM APPROACH IS NEEDED. HE CALLED FOR A SUBSTANTIAL REVISION IN US TRADE LAWS, CITING THE INDUSTRY'S INABILITY TO GET ADEQUATE RELIEF UNDER ANTIDUMPING STATUTE AND VARIOUS SECTIONS OF IMPORT RELIEF LEGISLATION. STINSON ALSO EXPRESSED CONCERN THAT MTN AGREEMENTS MAY RESULT IN A WEAKENING  
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OF US LAWS AGAINST UNFAIR IMPORTS. THESE LAWS SHOULD BE STRENGTHENED, NOT WEAKENED, IN US INDUSTRY'S VIEW.

4. STINSON ALSO OBJECTED TO US INDUSTRY'S NOT BEING A "CANDIDATE FOR SERIOUS SECTOR NEGOTIATIONS" IN THE MTN. IT IS "TOTALLY INADEQUATE" THAT THE ONLY STEEL CONCESSIONS IN THE PRESENT TRADE TALKS WOULD BE THE ESTABLISHMENT OF "DISCUSSION FORUM IN THE OECD WITHOUT ANY MEANINGFUL INTERNATIONAL GROUND RULES FOR THE CONDUCT OF WORLD STEEL TRADE." THIS WOULD BE "TOTALLY INCONSISTENT" WITH THE INTENT OF CONGRESS AS EXPRESSED IN THE TRADE ACT. THE STEEL INDUSTRY HAS "NO CHOICE BUT TO REJECT THESE RESULTS." "IF THERE IS NO MEANINGFUL WORLD STEEL AGREEMENT IN THE FINAL GATT TRADE PACKAGE, THE STEEL INDUSTRY WOULD FIGHT IT IN THE CONGRESS" AND PRESS FOR THE ADOPTION OF TWO BILLS (HR 10039 AND S 3058) THAT WOULD PREVENT THE IMPLEMENTATION OF US TARIFF CUTS WITHOUT A "SATISFACTORY STEEL AGREEMENT." CHRISTOPHER

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, INDUSTRY, AGREEMENTS, PRICES  
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**Decaption Date:** 01 jan 1960  
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**TAGS:** ETRD, US, GATT  
**To:** ALSTEEL COLLECTIVE USEEC MULTIPLE  
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